

Edwards: Congress Sends Credit Cardholders' Bill of Rights to President, Protects Families from Unfair Rate Hikes, Penalties, and Overcharges

(Washington, D.C.) -- U.S. Representative Chet Edwards supported final passage of the Credit Cardholders' Bill of Rights. The bill, expected to be signed into law by the president by Memorial Day, provides common sense protections for consumers addressing credit card practices that the U.S. Federal Reserve has called "unfair, deceptive, and anti-competitive." The bill passed by strong bipartisan votes of 361 to 64 in the House and 90 to 5 in the Senate.

"This bill will put an end to unfair credit card practices that have gouged individuals and families for years," said Edwards, a member of the Financial Services Appropriations Subcommittee. "After years of being blocked by special interests and big New York banks, we finally have a common sense law that will protect hard-working families from deceptive credit card practices that deepen the debt crisis in this country."

Credit-card debt in the U.S. has reached a record high —nearly \$1 trillion – almost half of American families currently carry a credit card balance, and for those families, the average balance was \$7,300 in 2007. One out of every five people carrying credit card debts pays an interest rate above 20 percent. In 2008, credit-card issuers imposed \$19 billion in penalty fees on families carrying credit card balances—up more than 50% since 2003 and accounting for nearly half of the \$40.7 billion in industry profits. This year, credit card companies will break all records for late fees, over-limit charges, and other penalties, pulling in more than \$20.5 billion. "It is up to individuals and families to exercise personal responsibility and to not get over extended on their credit cards, but credit card companies should not be able to unfairly take advantage of hard-working families," said Edwards.

Consumers nationwide are facing excessive credit card fees, sky-high interest rates, and unfair, often incomprehensible agreements that credit-card companies revise at will. The Credit Cardholders' Bill of Rights puts into place common sense regulations and oversight that address the growing debt crisis by:

- Blocking credit card companies from arbitrarily increasing the interest rates on customers' existing balances unless a minimum payment has not been received from the cardholder within 60 days of the payment due date.
- Ending the practice of charging interest on already repaid debt.
- Requiring credit card companies to give 45 days notice of all interest rate increases, so consumers can pay off their balances or shop for a better deal.
- Protecting consumers from due date gimmicks by requiring credit card companies to mail bills

21 days before the due date (instead of 14).

- Ending the credit card practice of applying consumer payments to lower interest debt first.
- Requiring issuers extending credit to young consumers under the age of 21 to obtain an application that contains the signature of a parent, guardian, or proof that the applicant has independent means of repayment.

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